

ITEL

RECORDATION NO. 13198-B FILED 1429**Istel Rail Corporation**55 Francisco Street
San Francisco, California 94133
(415) 984-4000

AUG 5 1985 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

5-217A041

July 18, 1985

Honorable James H. Bayne, Secretary
Interstate Commerce Commission
Washington, D.C. 20423No. _____
Date AUG 5 1985
Fee \$ 10.00
ICC Washington, D.C.

Dear Mr. Bayne:

Pursuant to 49 U.S.C. Section 11303(a) and the Interstate Commerce Commission's rules and regulations thereunder, I enclose herewith on behalf of Istel Rail Corporation for filing and recordation under the Lease Agreement dated as of June 12, 1981 between Istel Corporation, Rail Division as predecessor in interest to Istel Rail Corporation and East Camden and Highland Railroad Company which was filed with the I.C.C. on July 21, 1981 and given I.C.C. Recordation No. 13198, four counterparts of the following document:

Amendment No. 2 dated June 28, 1985 to the Lease Agreement dated June 12, 1981 between Istel Corporation, Rail Division and East Camden and Highland Railroad Company.

The names and addresses of the parties to the aforementioned are:

1. East Camden and Highland Railroad Company (Lessee)
P.O. Box 3180
East Camden, Arkansas 71701
2. Istel Rail Corporation (Lessor)
55 Francisco, 5th Floor
San Francisco, California 94133

The equipment covered by this Amendment is thirty (30) XP boxcars bearing reporting marks EACH 4151-4175 and EACH 4177-4180.

Also enclosed is a check in the amount of \$10.00 for the required recording fee.

100 OFFICE OF
THE SECRETARY
AUG 5 12 02 PM '85
MOTOR OPERATING UNIT

Mr. James H. Bayne, Secretary
July 18, 1985
Page Two

Please stamp all counterparts of the enclosed Amendment with your official recording stamp. You will wish to retain one (1) counterpart of the document for your files; it is requested that the remaining three (3) counterparts be returned to my attention, along with the fee receipt and the letter from the I.C.C. acknowledging the filings.

Sincerely,

A handwritten signature in cursive script, reading "Denise M. Bottarini".

Denise M. Bottarini
Senior Legal Assistant

DMB/vdv/18

cc: Howard Chabner
Virginia Hanger

06/19/85

RECORDATION NO. 13198-B
AUG 5 1985 -12 15 PM
INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 2

THIS AMENDMENT NO. 2 (the "Amendment") to that certain Lease Agreement (the "Agreement") made as of June 12, 1981 between Itel Corporation, Rail Division and **EAST CAMDEN AND HIGHLAND RAILROAD COMPANY** ("Lessee") is made the 28th day of June, 1985 by and between **ITEL RAIL CORPORATION**, as successor in interest to Itel Corporation, Rail Division ("Lessor") and Lessee.

R E C I T A L S

- A. Lessor has leased to Providence and Worcester Company ("PW") under a lease (the "Lease") dated March 13, 1978 six hundred (600) boxcars ("Boxcars") and by an Assignment dated April 24, 1980, PW has assigned its rights under the Lease to Warwick Railway Company ("WRWK").
- B. By supplemental agreement dated as of September 12, 1980, between Lessor and WRWK, WRWK has (a) appointed Lessor as its agent on behalf of WRWK to enter into one or more sublease agreements with third parties covering some or all of the Boxcars, (b) consents to Lessor's delivery of such Boxcars to such third parties, and (c) granted to Lessor the right to negotiate all terms and conditions of such subleases to Lessor's satisfaction.
- C. Pursuant to the Agreement, one hundred (100) Boxcars bearing reporting marks EACH 4151-4250 (the "Car(s)") have been leased by Lessor to Lessee.
- D. On May 6, 1983, Lessor exercised its rights under Section 7.1. of the Agreement and terminated the Agreement as to the Cars bearing reporting marks EACH 4196, 4197, 4212, 4233, 4239, and 4241.
- E. The Car bearing the reporting mark EACH 4176 was destroyed on or about January 22, 1984.
- G. Pursuant to Amendment No. 1 to the Agreement dated April 2, 1983, Lessor granted Lessee full power and authority to enter into an Assignment Agreement dated May 10, 1983 (the "KCS Assignment Agreement") between Lessee and Kansas City Southern Railway Company ("KCS") pursuant to which thirty (30) Cars bearing the reporting marks EACH 4151-4180 (such Cars, less Car bearing reporting mark EACH 4176, the "KCS Assignment Pool Boxcars") were placed into an assignment pool on the railroad lines of KCS.
- H. Pursuant to Amendment No. 1 to the KCS Assignment Agreement, the KCS Assignment Agreement was extended to March 31, 1985.

- I. Lessor and Lessee desire to extend the term of the KCS Assignment Agreement with respect to the KCS Assignment Pool Boxcars.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties agree to amend the Agreement as follows:

1. All terms defined in the Agreement shall have their defined meanings when used in this Amendment.
2. Equipment Schedule No. 1.A. shall be deleted in its entirety and Equipment Schedule No. 1.B. attached hereto shall be substituted therefor.
3. Lessor hereby grants Lessee full power and authority to enter into the Second Assignment Agreement dated May 31, 1985 (the "Second Assignment Agreement"), attached hereto as Attachment A.
4. Upon receiving written instructions from Lessor, Lessee shall immediately exercise any and all rights which it may have under the Second Assignment Agreement.
5. Except as expressly modified by this Amendment No. 2, all terms and provisions of the Agreement shall remain in full force and effect with respect to all of the Cars, including the KCS Assignment Pool Boxcars.
6. This Amendment may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL RAIL CORPORATION

EAST CAMDEN AND HIGHLAND
RAILROAD COMPANY

By: *AD Hayes*

By: *Don E. Hunt*

Title: *President*

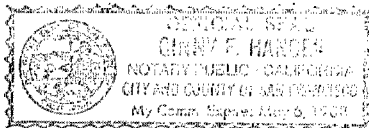
Title: *President*

Date: *June 28, 1985*

Date: *6-21-85*

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 28th day of June, 1985, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Amendment No. 2 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Ginny E. Hanger
Notary Public

STATE OF ARKANSAS)
) ss:
COUNTY OF OUACHITA)

On this 21ST day of JUNE, 1985, before me personally appeared DON E. GHENT, to me personally known, who being by me duly sworn says that such person is PRESIDENT of East Camden and Highland Railroad Company, that the foregoing Amendment No. 2 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My Commission Expires Nov. 29, 1992
Sarah L. Derrick
Notary Public

EQUIPMENT SCHEDULE NO. 1.B.

Itel Rail Corporation hereby leases the following Cars to East Camden and Highland Railroad Company subject to the terms and conditions of that certain Lease Agreement dated as of June 12, 1981.

A.A.R. Mech. Desig.	Description	Numbers	Length	Dimensions		Doors Width	No. of Cars
				Inside Width	Height		
XP	60', 100-Ton General Boxcars With 15" End-of- Car Cushioning	EACH 4151-4175; 4177-4180	60'10"	9'6"	11'0"	12' Sliding	29
XM	60', 100-Ton General Boxcars With 15" End-of- Car Cushioning	EACH 4181-4195; EACH 4198-4211; EACH 4213-4232; EACH 4234-4238; EACH 4240; EACH 4242-4250	60'10"	9'6"	11'0"	12' Sliding	64 65 JED

ITEL RAIL CORPORATION

By: DD Hayes

Title: President

Date: June 28, 1985

EAST CAMDEN AND HIGHLAND
RAILROAD COMPANY

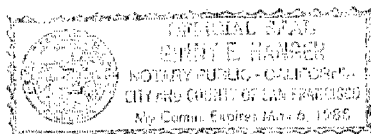
By: Don E. Hunt

Title: President

Date: 6-21-85

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 28th day of June, 1985, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Equipment Schedule No. 1.B. was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Jimmy E. Hanger
Notary Public

STATE OF ARKANSAS)
) ss:
COUNTY OF OUACHITA)

On this 21ST day of JUNE, 1985, before me personally appeared DON E. GHENT, to me personally known, who being by me duly sworn says that such person is PRESIDENT of East Camden and Highland Railroad Company, that the foregoing Equipment Schedule No. 1.B. was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My Commission Expires Nov. 29, 1992

Sarah G. Gerrard
Notary Public

ATTACHMENT A

East Camden & Highland Railroad
May 31, 1985

Mr. W. N. Deramus, IV
Vice President, Administration
Kansas City Southern Railway Company
114 West Eleventh Street
Kansas City, Missouri 64105

Dear Mr. Deramus:

Please accept this letter as the second Assignment Agreement ("Second Assignment Agreement"), dated May 21, 1985, between East Camden and Highland Railroad Company ("EACH") and Kansas City Southern Railway Company ("KCS").

The parties agree as follows:

1. EACH and KCS entered into an Assignment Agreement, dated as of May 10, 1983 ("First Assignment Agreement"), a copy of which is attached hereto as Exhibit A.
2. Pursuant to the terms set forth in Amendment No. 1 to the First Assignment Agreement ("Amendment No. 1"), dated January 31, 1985, a copy of which is attached hereto as Exhibit B. The First Assignment Agreement expired on March 31, 1985.
3. Except as otherwise provided herein, all of the terms and conditions of the First Assignment Agreement, as amended by Amendment No. 1, are hereby incorporated by this reference as though fully set forth herein.
4. The Second Assignment Agreement shall be effective as of April 1, 1985. The Second Assignment Agreement shall be extended automatically on a calendar month-to-calendar month basis (each such calendar month an "Extended Term"); provided, however, that either party may terminate this Second Assignment Agreement at any time upon not less than fifteen (15) days prior written notice to the other.
5. EACH shall supply KCS with an additional sixty-three (63) sixty foot Plate C, 100-Ton XP boxcars bearing reporting marks listed on Exhibit C attached hereto (the "Additional Cars"). The Initial Loading for the Additional Cars shall be the date on which each such Additional Car was initially delivered empty to KCS.

East Camden & Highland Railroad
A Subsidiary of HRI Resources, Inc.
501/574-0770 P. O. Box 3180
East Camden, Arkansas 71701
TWX: Highland CMEN 910-710-6445

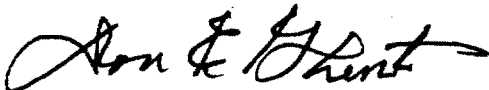
Mr. W. N. Deramus, IV
May 31, 1985
Page Two

6. With respect to the Additional Cars, the last sentence of the first paragraph of the First Assignment Agreement shall be deleted in its entirety.
7. Effective April 1, 1985, for purposes of this Second Assignment Agreement, the second, third and fourth paragraphs on page 2 of the First Assignment Agreement shall be deleted in their entirety and the following shall be substituted therefor:

"'Revenues' shall be the total per diem and mileage revenues earned and due from railroad companies other than EACH and KCS for the use and handling of the Cars. EACH shall receive one hundred percent (100%) of the Revenues earned by the Cars during any applicable Extended Term."

Please indicate your concurrence to the above terms and conditions by signing below and returning one (1) original to me.

Sincerely,



Don E. Ghent
President

CONCURRENCE BY
KANSAS CITY SOUTHERN RAILWAY COMPANY

Name: _____

Title: _____

Date: _____

EXHIBIT C

The following Boxcars are added to the Assignment Agreement effective as of April 1, 1985.

EACH 4002
4007
4010-4011
4013
4015-4017
4021-4023
4027-4035
4041-4049
4053
4056-4061
4063-4067
4069-4074
4076
4079-4082
4084-4085
4087-4089
4091-4093
4096-4100

EXHIBIT A

COPY

East Camden & Highland Railroad Company

May 10, 1983

Mr. Jerry Gregg
Vice President-Operations
Kansas City Southern Railway Company
114 West Eleventh Street
Kansas City, Missouri 64105

Dear Mr. Gregg:

Please accept this letter as the agreement ("Assignment Agreement") whereby East Camden & Highland Railroad Company ("EACH") shall supply the Kansas City Southern Railway Company ("KCS") with up to thirty (30) sixty-foot Plate C, 100-ton XP boxcars bearing the reporting marks EACH 4151-4180 ("Cars") and the KCS shall place said Cars into an assignment pool on KCS's railroad line under Car Service Directive 145 and shall register such assignment pool and Cars with the Association of American Railroads. Prior to the delivery of the Boxcars to KCS, KCS shall, at its expense, supply EACH with door bars for the Boxcars and EACH shall, at its expense, install, or have installed, the door bars in the Boxcars and EACH shall place in UMLER the car type "XP" for said Boxcars.

The term ("Term") of this Assignment Agreement, with respect to each Car, shall commence upon the execution hereof, and shall expire as to all of the Cars eighteen (18) months from the date of Initial Loading (as hereinafter defined). The Cars shall be delivered empty to KCS during the second quarter of 1983. Each car shall be deemed delivered from EACH to KCS upon the interchange of such Car to KCS. The "Initial Loading" shall be the earlier to occur of either the date the fifteenth (15th) Car is loaded with freight by KCS and delivered to a connecting carrier for shipment, or the thirty-first (31st) day after all of the Cars are delivered pursuant to this Assignment Agreement. Immediately upon Initial Loading, KCS shall execute and deliver to EACH a "Certificate of Initial Loading" (in the form of Exhibit A attached hereto).

KCS shall not make any alterations to the Cars without EACH's prior written consent. During the Term of this Assignment, any or all of the Cars may be replaced by similar railcars with different railroad marks upon prior written notice from EACH to KCS.

KCS shall make the Cars available for loading at the International Paper facility in Springhill, Louisiana prior to making other substantially similar railcars available for loading, except its own present fleet; provided, however, that this shall in no event prevent or prohibit KCS from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor.

Mr. Jerry Gregg
May 10, 1983
Page 2

It is understood and agreed that during the term of this Assignment Agreement KCS's only obligations with regard to the Cars placed into assigned pool service hereunder shall be (i) compliance with the handling carrier's obligations under AAR Interchange Rules while the Cars are in KCS's possession, and (ii) the fulfillment of its obligations upon expiration of this Assignment Agreement as set forth below. KCS shall be entitled to per diem and mileage relief per Car for each day such Car is on KCS's railroad line. Said per diem and mileage relief shall be substantiated by appropriate movement records which KCS shall present to EACH within sixty (60) days from the end of the Service Month (hereinafter defined as the calendar month in which per diem and mileage payments were actually earned).

The following definitions are provided for the purpose of determining those amounts which EACH agrees to pay to KCS hereunder:

- A. "Revenues" shall be the total per diem and mileage revenues earned and due from railroad companies other than EACH and KCS for the use of or handling of the Cars.
- B. The "Utilization Rate" of the Cars shall be determined by a fraction, the numerator of which is the aggregate number of hours in each calendar quarter that Revenues were earned on the Cars, commencing as of the Initial Loading, and the denominator of which is the aggregate number of hours in each calendar quarter that the Cars are placed in an assignment pool at KCS, commencing as of the Initial Loading.

EACH shall pay to KCS an amount equal to twenty-five (25) percent of the Revenues received ("KCS's Revenue Sharing Portion"), provided, however, that KCS's Revenue Sharing Portion shall be retained by EACH until it is, in the aggregate, equal to EACH's out-of-pocket expenses (not to exceed an average of fifty dollars per Boxcar) for modifying the Boxcars by installing door bars thereof as follows: EACH shall, within five (5) months after the end of each calendar quarter, calculate on a quarterly basis, the amount due to KCS pursuant to this Assignment Agreement. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculations.

If, with respect to any calendar quarter, Revenues are less than what the Revenues would have been had the Utilization Rate for the Cars been fifty (50) percent, EACH may, at any time, at its option and upon not less than ten (10) days prior written notice to KCS, terminate this Assignment Agreement as to such Cars as EACH shall determine.

Upon the expiration or termination of this Assignment Agreement, KCS shall ensure that the Cars are in interchange condition, normal wear and tear excepted, and shall remove the Cars from Car Service Directive 145. Thereafter, KCS shall provide final outbound loads for each of the Cars.

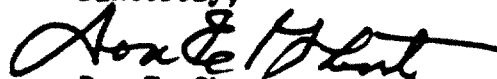
Mr. Jerry Gregg
May 10, 1983
Page 3

KCS recognizes that EACH's rights and KCS's rights are subject and subordinate to the rights of any lessor, owner or secured party with respect to the Cars, but EACH hereby expressly represents and covenants that it has full authority to make this Assignment Agreement.

We trust this Assignment Agreement will assist you in meeting your equipment requirements in the coming months.

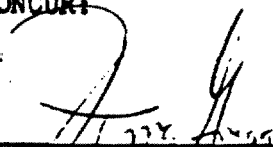
Please indicate your concurrence to the above terms and conditions by signing below and arrange to have the original returned to me.

Sincerely,



Don E. Ghent
Executive Vice President

I CONCUR:



Jerry Gregg, Vice President-Operations
Kansas City Southern Railway Company


EXHIBIT A

CERTIFICATE OF INITIAL LOADING

With respect to the Assignment Agreement dated March 30, 1983 by and between EAST CAMDEN AND HIGHLAND RAILROAD COMPANY AND KANSAS CITY SOUTHERN RAILWAY COMPANY, the date of Initial Loading is hereby agreed to be _____.

Kansas City Southern Railway Company
Authorized Representative

Date: _____



East Camden and Highland Railroad Company
Authorized Representative

Date: May 10, 1983

EXHIBIT B



January 31, 1985

East Camden & Highland Railroad

Mr. W. N. Deramus IV
Vice President
KANSAS CITY SOUTHERN RAILWAY COMPANY
114 West Eleventh Street
Kansas City, Missouri 64105

Dear Mr. Deramus:

Please accept this letter as the amendment ("Amendment No. 1") to the Assignment Agreement ("Assignment Agreement") dated May 10, 1983, between East Camden & Highland Railroad Company ("EACH") and Kansas City Southern Railway Company ("KCS").

The parties agree as follows:

1. All terms defined in the Assignment Agreement shall have their defined meanings when used in this Amendment No. 1.
2. The Term of the Assignment Agreement shall be extended through and including March 31, 1985, or until another agreement is executed by the parties hereto, whichever occurs first.
3. Except as expressly modified by this Amendment No. 1, all terms and conditions of the Assignment Agreement shall remain in full force and effect.

Please indicate your concurrence to the above terms and conditions by signing below and returning one (1) original to me.

Sincerely,

Don E. Ghent
President

I CONCUR:
KANSAS CITY SOUTHERN
RAILWAY COMPANY

By: W. N. Deramus, Jr.Title: VPDate: 3/24/85

Approved as to form
Robert E. Zimmerman



A HIGHLAND COMPANY

501 574-0770 Box 3180 East Camden, Arkansas 71701 TWX: 910-710-6445 Highland Cmen